

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA**

**FINANCIAL AND COMPLIANCE AUDIT
TOGETHER WITH
INDEPENDENT AUDITORS' REPORT**

FOR THE YEAR ENDED SEPTEMBER 30, 2013

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners
Housing Authority of the City of Winnfield
Winnfield, Louisiana

Report on the Financial Statements

We have audited the accompanying financial statements of **Housing Authority of the City of Winnfield (HACW)**, as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise **HACW's** basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of the City of Winnfield
Winnfield, Louisiana
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Auditor's Responsibility, Continued

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to **HACW's** preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of **HACW's** internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements previously referred to present fairly, in all material respects, the respective financial position of **HACW** as of September 30, 2013, and the respective changes in net position and cash flows of its enterprise fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of the City of Winnfield
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Other Matter

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

INDEPENDENT AUDITORS' REPORT
(CONTINUED)

To the Board of Commissioners
Housing Authority of the City of Winnfield
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2014 on our consideration of HACW's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HACW's internal control over financial reporting and compliance.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 28, 2014

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS

INTRODUCTION TO FINANCIAL STATEMENTS

The management of **Housing Authority of the City of Winnfield (HACW)** has complied with Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for States and Local Governments (GASB 34)*.

Management believes that GASB 34 financial statements provide useful information because these statements show not only the short-term results of operations but also the long-term financial picture.

In GASB 34 terms, **HACW** has only one fund, the Enterprise Fund, and engages in only one type of activity. A Statement of Net Position and Statement of Revenues, Expenses and Changes in Fund Net Position shown on pages 13 and 14, show the results of operations and financial position using the *total economic resources* measurement focus and the *accrual basis* of accounting, which emphasize the long-term financial picture and are very similar to the financial statements of private sector for profit enterprises.

The following is a discussion and analysis of **HACW's** financial activities for the years ended September 30, 2013 and 2012. This discussion and analysis should be read in conjunction with **HACW's** accompanying audited financial statements.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific objectives. **HACW**, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. **HACW** has two federally funded programs that are consolidated into a single enterprise fund (operating fund program).

Low Rent Public Housing Program - **HACW's** Low Rent Public Housing Program rents housing units to low-income families. The Low Rent Public Housing Program is operated under an Annual Contribution Contract with U.S. Department of Housing and Urban Development (HUD). HUD provides an operating grant to enable **HACW** to provide housing at a rent that is based upon 30% of adjusted gross household income.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

Fund Financial Statements, Continued

Capital Fund Program (CFP) - The Low Rent Housing Program also includes the CFP as the primary funding source for physical and management improvements. CFP funding is provided by formula allocation and based upon size and age of **HACW's** units.

USING THIS ANNUAL REPORT

HACW's annual report consists of financial statements that show combined information about **HACW's** most significant funds, Low Rent Public Housing, and Public Housing Capital Fund Programs.

HACW's auditors provided assurance in their independent auditor's report, located immediately preceding the MD&A. That opinion was unmodified with respect to the basic financial statements. The auditors' provide varying degrees of assurance regarding the other information included in this report. A user of this report should read the independent auditors' report carefully to determine the level of assurance provided for each of the other parts of this report.

FINANCIAL HIGHLIGHTS

- **HACW's** assets exceeded its liabilities by \$3,506,392 and \$3,727,244, respectively for the years ended September 30, 2013 and 2012.
 - Of this amount \$460,483 and \$445,368 of unrestricted net position for each period, may be used to meet **HACW's** ongoing obligations to citizens and creditors.
 - The remainder of \$3,045,909 and \$3,281,876, respectively represent a restriction equal to the net amount of investment in land, building and building improvements, equipment, and construction in progress.
 - **HACW's** most significant asset at September 30, 2013 and 2012 were capital assets of \$3,045,909 and \$3,281,876, respectively.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

FINANCIAL HIGHLIGHTS, CONTINUED

- **HACW's** significant operating expenses for the year ended September 30, 2013 and 2012 were salaries and related benefits, depreciation, contractual services, and insurance premiums.
- Operating grants from the Federal government constitutes 45% for 2013 and 2012 of its total operating revenues with total dwelling revenues accounting for 55% of its operating revenues for the years ended September 30, 2013 and 2012.

Capital grants for modernization and management improvements were \$-0- and \$44,668 for the years ended September 30, 2013 and 2012.

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS

The basic financial statements of **HACW** consists of the Statement of Net Position, (shows assets and liabilities separated into current and noncurrent and net position) and Statement of Revenues and Expenses and Changes in Fund Net Position which uses the *full accrual* basis of accounting with revenues recognized when earned and expenses when incurred, regardless of the timing in the receipt of the disbursement. The notes to the financial statements provide additional information that is essential to a full understanding of the financial data provided in the basic financial statements. The measurement focus is the total economic resources of **HACW**.

The following provides condensed information from the Statement of Net Position as of September 30, 2013 and 2012.

Condensed Statement of Net Position September 30		
	<u>2013</u>	<u>2012</u>
Current assets	\$ 489,159	\$ 481,685
Capital assets, net	<u>3,045,909</u>	<u>3,281,876</u>
Total assets	<u>3,535,068</u>	<u>3,763,561</u>
Current liabilities	18,832	30,899
Non-current liabilities	<u>9,844</u>	<u>5,418</u>
Total liabilities	<u>28,676</u>	<u>36,317</u>
Net position	<u>\$3,506,392</u>	<u>\$3,727,244</u>

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

OVERVIEW AND HIGHLIGHTS OF FINANCIAL STATEMENTS, CONTINUED

The following provides condensed information from the Statement of Revenues, Expenses and Changes in Fund Net Position for the years ended September 30, 2013 and 2012:

Condensed Statement of Revenues, Expenses and Changes in Fund Net Position
For the Years Ended September 30

	<u>2013</u>	<u>2012</u>
Operating revenues	\$ 465,213	\$ 437,185
Operating expenses	<u>(686,504)</u>	<u>(679,684)</u>
Operating loss	<u>(221,291)</u>	<u>(242,499)</u>
Non-operating revenues	<u>439</u>	<u>20,185</u>
Capital contributions	<u>-0-</u>	<u>44,668</u>
Change in net position	(220,852)	(177,646)
Net position, beginning of year, as restated	<u>3,727,244</u>	<u>3,904,890</u>
Net position, end of year	<u>\$3,506,392</u>	<u>\$3,727,244</u>

EXPLANATION OF FINANCIAL ANALYSIS

Net position decreased by \$220,852 and \$177,646 for the years ended September 30, 2013 and 2012, respectively. The primary cause for the decrease in 2013 and 2012 was the level of funding received from HUD.

For 2013, **HACW** received \$-0- in capital and operating grants from the Capital Fund program.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

Changes in current assets for 2013 resulted from the timing in receipt of funds paid out for Capital Fund projects and reimbursed during 2013. The impact resulted in an increase in cash with a corresponding decrease in amounts receivable - HUD at September 30, 2013.

For 2012, changes in current assets resulted from amounts receivable from HUD in connection with unreimbursed cost incurred on behalf of Capital Fund Program projects.

The corresponding decrease in liabilities was associated with the timing in payments to vendors and interfund activities at September 30, 2013.

For 2012, the increase in liabilities was associated with interprogram activities.

During the year ended September 30, 2012, construction projects were completed.

Compared to 2012 fiscal year, total operating and nonoperating revenues increased by \$8,282 during 2013. Further, Capital Funds decreased by \$44,668 in 2013. The net change in total revenues resulted from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues for 2013 from HUD for operations increased to \$210,181 compared to \$197,576 in 2012 principally due to the determination of **HACW's** operating subsidy which is based upon a three year rolling average of past operations.
- Capital Funds for new construction and modernization projects decreased from \$44,668 in 2012 to \$-0- during the year ended September 30, 2013. The decrease was due to the completion of several open modernization projects during 2012. At September 30, 2013 **HACW** has unspent capital funds totaling \$83,101.
- Tenant revenues increased from \$239,609 in 2012 to \$255,032 for the year ended September 30, 2013. The increase is due in part to changes in tenant personal income which serves as the basis for tenant rent payment level calculation and leased-up levels in 2013 and 2012.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

For 2012, a comparison to prior fiscal year, reflects a decrease in total operating and nonoperating revenues by \$65,714 during 2012. Further, Capital Funds decreased by \$480,446 in 2012. The net change in total revenues resulted from a combination of larger offsetting factors.

Reasons for most of these changes are listed below:

- Federal revenues for 2012 from HUD for operations increased to \$197,576 compared to \$243,172 in 2011 principally due to the determination of **HACW's** operating subsidy which is based upon a three year rolling average of past operations.
- Capital Funds for new construction and modernization projects decreased from \$525,114 in 2011 to \$44,668 during the year ended September 30, 2012. The decrease was due to the completion of several open modernization projects during 2012.
- Tenant revenues decreased from \$268,780 in 2011 to \$239,609 for the year ended September 30, 2012. The decrease was due in part to changes in tenant personal income which serves as the basis for tenant rent payment level calculation and leased-up levels in 2012 and 2011.

In comparison to prior year, total operating expenses increased from \$679,684 in 2012 to \$686,504 for the year ended September 30, 2013.

Reasons for most of these changes are listed below:

- Decrease in salaries and related benefits from \$243,161 in 2012 to \$198,357 in 2013 due to salary and related benefit change for a key management personnel.
- Increase in depreciation expense from \$219,372 in 2012 to \$235,968 in 2013 due to an increase in the depreciable base during 2013.
- Increase in contractual services from \$98,491 to \$121,817 to accommodate information technology and other consulting services needed by **HACW** as part of its operations.
- Increase in extraordinary maintenance cost to address sewer related repairs during 2013.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

EXPLANATION OF FINANCIAL ANALYSIS, CONTINUED

In comparison to prior year, total operating expenses increased from \$652,560 in 2011 to \$679,684 for the year ended September 30, 2012.

Reasons for most of these changes are listed below:

- Increase in salaries and related benefits from \$231,164 in 2011 to \$243,161 in 2012 due to cost of living adjustments.
- Increase in depreciation expense from \$191,078 in 2011 to \$219,372 in 2012 due to an increase in the depreciable base during 2012.

CAPITAL ASSETS AND DEBT ADMINISTRATION

HACW's investment in capital assets amount to \$3,045,909 and \$3,281,876 net of accumulated depreciation of \$5,273,077 and \$5,037,110, respectively at September 30, 2013 and 2012.

A summary of its composition follows:

	September 30, <u>2013</u>	<u>2012</u>
Capital assets	\$ 8,318,986	\$ 8,318,986
Less accumulated depreciation	(5,273,077)	(5,037,110)
Capital assets, net	\$ <u>3,045,909</u>	\$ <u>3,281,876</u>

Also, see the accompanying financial statements for additional disclosure on capital assets.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
MANAGEMENT'S DISCUSSION AND ANALYSIS, CONTINUED

DEBT

At September 30, 2013 and 2012, **HACW** had no debt obligations in the form of loans, bonds, mortgages, etc.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

HACW is primarily dependent upon Federal funding for its operations; therefore, it is affected more by Federal budget than by local economic conditions. **HACW's** operating subsidy calculation for 2014 has been submitted and approved with no major changes in the subsidy amount. **HACW's** capital fund programs are multiple year budgets and have remained relatively stable.

REQUEST FOR INFORMATION

This information report is designed to provide a general overview of **HACW** finances for all those with an interest in **HACW's** finances and should be read in conjunction with **HACW's** accompanying audited financial statements. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Executive Director, Housing Authority of Winnfield, 901 Neil Wagoner Drive, P. O. Box 1413, Winnfield, Louisiana 71483.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
STATEMENT OF NET POSITION--ENTERPRISE FUND
SEPTEMBER 30, 2013

ASSETS

Current Assets:

Cash (NOTE 2)	\$ 428,856
Restricted cash (NOTE 3)	11,350
Amounts receivable, net (NOTE 11)	19,276
Prepaid items and other (NOTE 9)	<u>29,677</u>
Total current assets	<u>489,159</u>

Non-Current Assets:

Capital assets, net (NOTES 4, AND 10)	<u>3,045,909</u>
Total non-current assets	<u>3,045,909</u>
Total assets	<u>3,535,068</u>

LIABILITIES

Current Liabilities:

Amounts and other payable (NOTE 5)	3,653
Compensated absences payable (NOTE 14)	3,829
Security and pet deposits held for tenants (NOTE 3)	<u>11,350</u>
Total current liabilities	<u>18,832</u>

Non-Current Liabilities:

Compensated absences payable (NOTE 14)	<u>9,844</u>
Total non-current liabilities	<u>9,844</u>
Total liabilities	<u>28,676</u>

NET POSITION

Investment in capital assets, net (NOTE 4)	3,045,909
Unrestricted	<u>460,483</u>
Total net position	<u>\$3,506,392</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN
FUND NET POSITION--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Operating Revenues:	
HUD operating grant	\$ 210,181
Dwelling rental	233,826
Fees and charges	<u>21,206</u>
Total operating revenues	<u>465,213</u>
Operating Expenses:	
Salaries and employee benefits	198,357
Materials	34,587
Contractual services	121,817
Utilities	6,870
Depreciation	235,968
Insurance	45,855
Training, convention and travel	15,722
Office supplies	4,685
Postage	1,471
General	1,003
Telephone	7,596
Membership dues	982
Extraordinary maintenance	7,073
Bad debt	<u>4,518</u>
Total operating expenses	<u>686,504</u>
Operating loss	<u>(221,291)</u>
Non-operating Revenues:	
Interest income	<u>439</u>
Total non-operating revenues	<u>439</u>
Change in net position	(220,852)
Net position, beginning of year	<u>3,727,244</u>
Net position, end of year	<u><u>\$3,506,392</u></u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Cash Flows Provided by Operating Activities:	
HUD operating grants	\$ 279,973
Receipts from tenants	249,721
Receipt of interest income	439
Payments to vendors	(258,436)
Payments to employees	<u>(198,693)</u>
Net cash provided by operating activities	<u>73,004</u>
Increase in cash	73,004
Cash, beginning of year	<u>367,202</u>
Cash, end of year	<u>\$440,206</u>

NOTE:

Cash	\$428,856
Restricted cash	<u>11,350</u>
Total cash	<u>\$440,206</u>

The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
STATEMENT OF CASH FLOWS--ENTERPRISE FUND, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Reconciliation of Operating Loss to Net Cash Provided By

Operating Activities:

Operating loss	\$(221,291)
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Adjustments to reconcile operating loss to net cash provided
by operating activities:

Depreciation	235,968
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Bad debt	4,518
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Changes in assets and liabilities:

Decrease in amounts receivable, net	64,531
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Increase in prepaid items and other	(3,081)
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Decrease in amounts and other payable	(1,739)
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Decrease in compensated absences payable	(5,677)
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Increase in security deposits held for tenants	263
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Decrease in deferred revenues	<u>(488)</u>
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Net cash provided by operating activities	<u>\$ 73,004</u>
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The accompanying notes are an integral part of these financial statements.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

Background

The **Housing Authority of the City of Winnfield (HACW)** is a public corporation, legally separate and fiscally independent and governed by a Board of Commissioners. Under the United States Housing Act of 1937, as amended, the U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering housing programs. **HACW** has been contracted by HUD to administer the Low-Rent Housing Program under an Annual Contributions Contract.

As of September 30, 2013, **HACW** was primarily engaged in the administration of Low-Rent Public Housing Program to low-income residents in Winnfield, Louisiana.

Under the Low-Rent Public Housing Program, **HACW** provides housing to eligible families under leasing arrangements.

Financial Reporting Entity

HACW has the power to sue and be sued, and make rules and regulations for its own government consistent with the laws of the State of Louisiana and the City of Winnfield.

Government Accounting Standards Board (GASB) Statement No. 14, "Financial Reporting Entity" established standards for defining and reporting on the financial entity. GASB 14 indicates that the focal point for identifying the financial reporting entity is the primary government, which is considered to be any state government or general purpose local government or a special-purpose government that meets all of the following criteria: a) has a separately elected governing body; b) is legally separate; and c) is fiscally independent of other state and local governments.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Financial Reporting Entity, Continued

HACW was established as a separate, legal entity with a governing board which is separate and independent of any other governmental "reporting entity" as defined by GASB 14. Accordingly, management has concluded that **HACW** is a financial reporting entity within the meaning of the provisions of GASB 14. Accordingly, **HACW** is not a component unit of the financial reporting entity of the City of Winnfield. Also, **HACW** has no component unit for financial reporting entity purposes as described within the provisions of GASB Statement No.'s 14, 39 and as amended by 61.

Basis of Presentation

As required by Louisiana Revised Statute (LRS-24:514) and HUD regulations, the financial statements are presented in accordance with accounting principles generally accepted in the United States of America.

The accounts of **HACW** are accounted for under the proprietary fund. Accordingly, the accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America applied to governmental units.

Proprietary Fund Type - A proprietary fund is accounted for on the flow of economic resources measurement focus and uses the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. **HACW's** fund include the following type:

Enterprise Fund - An enterprise fund is used to account for those operations that are financed and operated in a manner similar to private business or where the Board has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting and Financial
Statement of Presentation

HACW adopted the provisions of Government Accounting Standards Board Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments". Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position, a statement of revenues, expenses and changes in fund net position, and a statement of cash flows. It requires the classification of net position into three components-investment in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- *Investment in capital assets* - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets. If there are significant unspent related debt proceeds at year-end, the portion of the debt attributable to the unspent proceeds are not included in the calculation of investment in capital assets, net of related debt. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Measurement Focus and Basis of Accounting and Financial Statement of Presentation, Continued

- *Restricted* - This component of net position consists of constraints placed on net position use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted net position* - This component of net position consists of net position that do not meet the definition of “restricted” or “investment in capital assets, net of related debt”.

The term measurement focus is used to denote what is being measured and reported in **HACW’s** operating statement. **HACW’s** financial activities are accounted for on the flow of economic resources measurement focus. The fundamental objective of this focus is to measure whether **HACW** is better or worse off economically as a result of events and transactions of the period.

The term basis of accounting is used to determine when a transaction or event is recognized on **HACW’s** operating statement. **HACW** used the full accrual basis of accounting. Under this basis, revenues are recorded when earned and expenses are recorded when incurred, even though actual payment or receipt may not occur until after the period ends.

HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued:

Basis of Presentation

HACW follows the provisions of GASB 33 (Accounting and Financial Reporting for Non-Exchange Transactions).

Under GASB 33 Standards, **HACW** recognizes assets, liabilities, revenues and expenses under its government-mandated and voluntary non-exchange transactions as follows:

- Assets and liabilities are recognized when all applicable eligibility requirements are met or resources received, whichever is first;
- Revenues and expenses are recognized when all applicable eligibility requirements are met;
- Transactions with time requirement(s) received prior to the satisfaction of the time requirement(s) are recorded as deferred revenues upon award; and
- Transactions with no time requirement(s) are recorded by **HACW** as revenues upon award.

Budgets

HACW prepares an annual budget for its proprietary fund. Prior to the beginning of the fiscal year, October 1, the annual budget is approved by the Board of Commissioners. Budgetary amendments require approval by the Board. **HACW** does not present its budgeted to actual comparison for the enterprise fund as part of its financial statements as accounting principles generally accepted in the United States of America do not require such, despite adoption of an annual budget by the Board.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Amounts Receivable

Amounts receivable are stated at net realizable value as required by accounting principles generally accepted in the United States of America.

Statement of Cash Flows

For purposes of the statement of cash flows, **HACW** considers all highly liquid investments with an original maturity of ninety (90) days or less when purchased to be cash and temporary cash investments. At September 30, 2013, temporary cash investments were \$-0-.

Capital Assets

Capital assets are recorded at cost or estimated costs. Donated assets are valued at estimated fair value on the date donated. When assets are retired or otherwise disposed of, any resulting gain or loss is reflected in income for the period.

The costs of normal maintenance and repairs that do not add to the value of an asset or materially extend the asset's life are not capitalized in the enterprise fund.

HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Capital Assets, Continued

Capital assets with a cost of \$500 or more are capitalized and depreciated in the enterprise fund of **HACW** using the following estimated useful lives in years.

<u>Assets</u>	<u>Estimated Useful Lives in Years</u>
Land improvements	15
Building	33
Building improvements	15
Equipment	3-7

Under accounting principles generally accepted in the United States of America, long lived assets are to be reviewed for impairment. If the sum of the expected future cash flow is less than the carrying value amount of the asset, an impairment loss should be recognized. At September 30, 2013, management has determined that there are no assets subject to the requirements of GASB No. 42 "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries".

Compensated Absences

HACW follows Louisiana Civil Service regulations for accumulated annual and sick leave. Under those regulations, employees may accumulate up to three hundred (300) hours of annual leave which may be received upon termination or retirement. Sick leave hours accumulate, but the employee is not paid for them if not used by his/her retirement or termination date.

The cost of current leave privileges computed in accordance with GASB Codification Section C60, is recognized as a current-year expense in the enterprise fund when leave is earned.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 1 - Summary of Significant Accounting Policies, Continued

Interprogram Activities

All interprogram transactions, except quasi external transactions, advances and reimbursements are reported as transfers. Nonrecurring and permanent transfers of equity are reported as residual equity transfer. All other interprogram transfers are reported as operating transfers and recognized at the time the underlying event occurs. Interprogram due to and from have been netted at the combined level financial statements.

NOTE 2 - Cash:

At September 30, 2013, the carrying amount of **HACW's** cash deposits was \$428,856 and the cumulative bank balance was \$456,637. The bank balances are covered by federal depository insurance and collateral held by the pledging institution's agent in **HACW's** name.

Under state laws, these deposits must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of such pledge securities and federal deposit insurance must equal or exceed the amount on deposit with the fiscal agent. These securities are held by the fiscal agent bank in the name of **HACW**.

Custodial credit is the risk that, in the event of a failure by the financial institution, **HACW's** deposits may not be returned to it. **HACW** has no deposit policy for custodial credit risk; however, none of **HACW's** bank balances were exposed to custodial credit risk, since the pledged securities were in the name of **HACW** and were held in safekeeping.

HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 2 - Cash, Continued:

State law also requires that all deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Obligations of the United States, the State of Louisiana and certain political subdivisions are allowed as security for deposits. Obligations furnished as security must be held by the **HACW** or with an unaffiliated bank or trust company for the account of **HACW**.

NOTE 3 - Restricted Cash:

At September 30, 2013, restricted cash consisted of \$11,350 in security and pet deposits received and held on behalf of tenants. These deposits are stated at cost, which approximates market.

NOTE 4 - Capital Assets, Net:

At September 30, 2012, capital assets, net consisted of the following:

	Balance October 1, 2012	Addition	Retirement/ Other	Balance September 30, 2013
Land and land improvements	\$ 360,222	\$ -0-	\$ -0-	\$ 360,222
Buildings and building improvements	7,717,068	-0-	-0-	7,717,068
Equipment	<u>241,696</u>	<u>-0-</u>	<u>-0-</u>	<u>241,696</u>
Sub-total	8,318,986	-0-	-0-	8,318,986
Less accumulated depreciation	<u>(5,037,110)</u>	<u>(235,968)</u>	<u>1</u>	<u>(5,273,077)</u>
Total	<u>\$ 3,281,876</u>	<u>\$(235,968)</u>	<u>\$ 1</u>	<u>\$ 3,045,909</u>

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 5 - Amounts and Other Payable:

At September 30, 2013, amounts and other payable consisted of the following:

Accounts payable - vendors	\$ 298
Payroll taxes and other payables	<u>3,356</u>
Total	<u>\$3,653</u>

NOTE 6 - Risk Management:

HACW is exposed to various risks of loss related to torts, theft, damage to and destruction of assets for which **HACW** carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated.

NOTE 7 - Concentration of Credit Risk:

HACW receives primarily all of its revenues from dwelling rental and HUD. If the amount of revenues received from both dwelling rental and HUD falls below contract levels, **HACW's** operating results could be adversely affected.

NOTE 8 - Contingencies:

HACW is subject to possible examinations by regulatory agencies who determine compliance with laws and regulations governing grants provided to **HACW**. These examinations may result in required refunds by **HACW** to the agencies and/or program beneficiaries.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 9 - Prepaid Items and Other:

At September 30, 2013, prepaid items and other consisted of the following:

Prepaid insurance	\$22,633
Prepaid computer support services	5,295
Inventories	<u>1,866</u>
Sub-total	29,794
Less allowance for obsolescence	<u>(117)</u>
Total	<u>\$29,677</u>

NOTE 10 - Commitments:

At September 30, 2013, **HACW** has executed agreements with HUD totaling \$444,451 for various modernization and capital project activities in progress. Balance of funds remaining at September 30, 2013 was \$83,101 (see Schedule IV).

NOTE 11 - Amounts Receivable, Net:

At September 30, 2013, amounts receivable, net consisted of the following:

Amounts receivable - tenant	\$ 3,439
Amounts receivable - HUD	<u>15,977</u>
Sub-total	
Less allowance for doubtful accounts	<u>(140)</u>
Total	<u>\$19,276</u>

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 12 - Per Diem to Board Members:

During the year ended September 30, 2013, board members received per diem in their capacity as commissioners at a rate of \$50 per board meeting attended. Total payments to all commissioners for the year ended September 30, 2013 was \$2,500.

NOTE 13 - Retirement System:

Plan Description

On November 20, 2006, the Board of Commissioners for **HACW** approved the establishment of a single employer defined contribution plan. The Housing Authority of the City of Winnfield's Retirement Plan (the Plan) is authorized and may be amended by the Board of Commissioners.

Plan Funding

Funding for the Plan is through a contribution of 3% and 8% by participating employees and **HACW** respectively. Eligibility is based on full-time and part-time employment with a minimum of 20 hours per week and five months a year. The contribution is based on the employee's base salary each month.

HACW's gross payroll for participating employees for the year ended September 30, 2013 was \$96,158. **HACW** and employee contributions made using base salary amounted to \$7,354 and \$2,885, respectively.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
NOTES TO THE FINANCIAL STATEMENTS, CONTINUED

NOTE 14 - Changes in Compensated Absences Payable:

The following is a summary of changes in compensated absences payable at September 30, 2013:

	<u>Current</u>	<u>Noncurrent</u>	<u>Total</u>
Beginning of year	\$ 13,932	\$ 5,418	\$ 19,350
Additions	21,844	15,262	37,106
Retirements	<u>(25,932)</u>	<u>(16,851)</u>	<u>(42,783)</u>
End of year	\$ <u>9,844</u>	\$ <u>3,829</u>	\$ <u>13,673</u>

SUPPLEMENTARY INFORMATION



Member
American Institute of
Certified Public Accountants
Society of Louisiana
Certified Public Accountants

Alcide J. Tervalon, Jr., CPA
Waldo J. Moret, Jr., CPA
Paul K. Andoh, Sr., CPA
Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

**INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION**

To the Board of Commissioners
Housing Authority of the City of Winnfield
Winnfield, Louisiana

Our report on our audit of the financial statements of **Housing Authority of the City of Winnfield (HACW)** appears on page 1. That audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole.

The accompanying Schedule of Expenditures of Federal Awards (Schedule III) is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The information in the Schedule of Expenditures of Federal Awards has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the financial statements taken as a whole.

INDEPENDENT AUDITORS' REPORT
ON
SUPPLEMENTARY INFORMATION
(CONTINUED)

The supplementary information (Schedules I, II, and IV) required by HUD is prepared in accordance with accounting principles generally accepted in the United States of America, and is not a required part of the financial statements, has been subjected to auditing procedures applied in the audit of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, Schedules I, II, and IV are fairly stated in all material respects in relation to the financial statements taken as a whole.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 28, 2014

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
FINANCIAL DATA SCHEDULE--BALANCE SHEET
SEPTEMBER 30, 2013

<u>Line Item No.</u>	<u>Description</u>	<u>Operating Fund Program</u>
111	Cash - unrestricted	\$ 428,856
114	Cash-tenant security deposits	<u>11,350</u>
100	Total cash	<u>440,206</u>
122	Accounts receivable - HUD other	15,977
126	Accounts receivable - tenants - projects	3,439
126.1	Allowance for doubtful accounts - tenants	<u>(140)</u>
120	Total receivables, net of allowances for doubtful accounts	<u>19,276</u>
142	Prepaid expenses and other assets	27,928
143	Inventories	1,866
143.1	Allowance for obsolete inventories	<u>(117)</u>
150	Total current assets	<u>489,159</u>
161	Land	360,222
162	Buildings	7,717,068
163	Furniture, equipment & machinery - dwellings	142,319
164	Furniture, equipment & machinery - administration	99,377
166	Accumulated depreciation	<u>(5,273,077)</u>
160	Total fixed assets, net accumulated depreciation	<u>3,045,909</u>
180	Total non-current assets	<u>3,045,909</u>
190	Total assets	<u>\$ 3,535,068</u>

See Independent Auditors' Report on Supplementary Information

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
FINANCIAL DATA SCHEDULE--BALANCE SHEET, CONTINUED
SEPTEMBER 30, 2013

<u>Line Item No.</u>	<u>Description</u>	<u>Operating Fund Program</u>
312	Accounts payable ≤ 90 days	\$ 297
321	Accrued wage/payroll taxes payable	3,356
322	Accrued compensated absences - current	3,829
341	Tenant security deposits	<u>11,350</u>
310	Total current liabilities	<u>18,832</u>
354	Accrued compensated absences - non-current	<u>9,844</u>
350	Total non-current liabilities	<u>9,844</u>
300	Total liabilities	<u>28,676</u>
508.1	Investment in capital assets	3,045,909
512.1	Unrestricted net position	<u>460,483</u>
513	Total net position	<u>3,506,392</u>
600	Total liabilities and equity/net position	<u><u>\$3,535,068</u></u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
FINANCIAL DATA SCHEDULE--INCOME STATEMENT
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Line Item No.</u>	<u>Description</u>	<u>Operating Fund Program</u>
70300	Net tenant rental revenue	\$233,826
70400	Tenant revenue - other	<u>21,206</u>
70500	Total tenant revenue	<u>255,032</u>
70600	HUD PHA operating grants	210,181
71100	Investment income - unrestricted	<u>439</u>
70000	Total revenue	<u>465,652</u>
91100	Administrative salaries	97,738
91200	Auditing fees	11,800
91500	Employee benefit contributions- administrative	24,576
91600	Office expense	75,549
91700	Legal expense	3,591
91800	Travel	15,722
91900	Other	<u>10,332</u>
91000	Total operating - administrative	<u>239,308</u>
93100	Water	1,245
93200	Electricity	4,916
93300	Gas	<u>709</u>
	Total utilities	<u>6,870</u>

See Independent Auditors' Report on Supplementary Information.

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
FINANCIAL DATA SCHEDULE--INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

<u>Line Item No.</u>	<u>Description</u>	<u>Operating Fund Program</u>
94100	Ordinary maintenance and operations-labor	\$57,257
94200	Ordinary maintenance and operations-materials and other	34,587
94300-010	Ordinary maintenance and operations contracts-garbage and trash removal contracts	482
94300-020	Ordinary maintenance and operations contracts-heating and cooling contracts	20,955
94300-050	Ordinary maintenance and operations contracts-landscape and grounds contracts	12,450
94300-090	Ordinary maintenance and operations-examination contracts	2,395
94500	Employee benefit contributions ordinary maintenance	<u>18,786</u>
94000	Total maintenance and operations	<u>146,912</u>

See Independent Auditors' Report on Supplementary Information.

**HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
FINANCIAL DATA SCHEDULE--INCOME STATEMENT, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Line Item No.</u>	<u>Description</u>	<u>Operating Fund Program</u>
96110	Property insurance	\$ 5,332
96120	Liability insurance	31,748
96130	Workmen's compensation	<u>8,775</u>
96100	Total insurance premium	<u>45,855</u>
96400	Bad debt - tenant rents	<u>4,518</u>
96000	Total other general	<u>4,518</u>
96900	Total operating expenses	<u>443,463</u>
97000	Excess (deficiency) of operating revenue over (under) operating expenses	<u>22,189</u>
97100	Extraordinary maintenance	7,073
97400	Depreciation expense	<u>235,968</u>
90000	Total expenses	<u>686,504</u>
10000	Excess (deficiency) of total revenue over (under) total expenses	\$ <u>(220,852)</u>
11030	Beginning equity/net position	<u>\$3,727,244</u>
11190	Unit months available	<u>1,416</u>
11210	Number of unit months leased	<u>1,393</u>
11270	Excess cash	\$ <u>403,698</u>

See Independent Auditors' Report on Supplementary Information.

SCHEDULE III

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

<u>Federal Grantor</u>	<u>CFDA Number</u>	<u>Federal Expenditures</u>
Program funded by the U.S. Department of Housing and Urban Development:		
<u>Subject to Annual Contributions Contract</u>		
Low Rent Public Housing Program	14.850	<u>\$210,181</u>
Total		<u>\$210,181</u>

NOTE: Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes all Federal grant activity of **HACW** and is presented on an accrual basis of accounting.

See Independent Auditors' Report on Supplementary Information.

SCHEDULE IV

**HOUSING AUTHORITY OF THE CITY OF WINNFELD
WINNFELD, LOUISIANA
STATEMENT OF CAPITAL FUND PROGRAM (INCOMPLETE)
FROM INCEPTION THROUGH SEPTEMBER 30, 2013**

	<u>LAP123501-10</u>	<u>LAP123501-11</u>	<u>LAP123501-12</u>	<u>TOTAL</u>
Funds approved				
Funds expended	\$ 170,762 <u>(170,762)</u>	\$ 145,003 <u>(145,003)</u>	\$ 128,686 <u>(45,585)</u>	\$ 444,451 <u>(361,350)</u>
Excess of funds approved	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>83,101</u>	\$ <u>83,101</u>
Funds advanced:				
Grant funding	\$ <u>170,762</u>	\$ <u>145,003</u>	\$ <u>45,585</u>	\$ <u>361,350</u>
Total funds advanced	170,762	145,003	45,585	361,350
Funds expended	<u>(170,762)</u>	<u>(145,003)</u>	<u>(45,585)</u>	<u>(361,350)</u>
Excess (deficiency) of funds advanced	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>	\$ <u>-0-</u>

See Independent Auditors Report on Supplementary Information.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Commissioners
Housing Authority of the City of Winnfield
Winnfield, Louisiana

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, the financial statements of **Housing Authority of the City of Winnfield (HACW)** as of and for the year ended September 30, 2013 and the related notes to the financial statements, and have issued our report dated March 28, 2014. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **HACW's** internal control over financial reporting to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of **HACW's** internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of **HACW's** internal control over financial reporting.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(CONTINUED)

Internal Control Over Financial Reporting, Continued

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses.

Given these limitations, during our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the financial statements will not be prevented, or detected and corrected by **HACW** on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weaknesses, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether **HACW's** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

(CONTINUED)

Compliance and Other Matters, Continued

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of HACW's internal control over financial reporting and on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering HACW's internal control over financial reporting and compliance. Accordingly, this communication is not suitable for any other purpose.

HACW's response to the status of prior year's findings is described in the accompanying Summary Schedule of Finding and Response under the caption "Current Status". We did not audit HACW's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of HACW's Board, management, the Legislative Auditor for the State of Louisiana and the U.S. Department of Housing and Urban Development and is not intended to be, and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Bruno & Tervalon LLP

BRUNO & TERVALON LLP
CERTIFIED PUBLIC ACCOUNTANTS
New Orleans, Louisiana

March 28, 2014

HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDING AND RESPONSE
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None Noted

Noncompliance material to financial statements noted? No

Federal Awards

Internal Control Over Major Programs:

- Material weakness(es) identified? N/A
- Significant deficiency(ies) identified? N/A

Type of auditor's report issued on compliance for major programs: N/A

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? N/A

N/A - Not Applicable

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013**

Section I - Summary of Auditors' Results, Continued

Federal Awards, Continued

Identification of Major Programs:	<u>Name of Federal Program or Cluster</u>
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Dollar threshold used to distinguish between type A and type B programs:	N/A
---	-----

Auditee qualified as low-risk auditee?	N/A
--	-----

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA**
SUMMARY SCHEDULE OF FINDING AND RESPONSE, CONTINUED
FOR THE YEAR ENDED SEPTEMBER 30, 2013

Section II - Financial Statement Findings and Questioned Costs

No financial statement findings were reported for the audit period ended September 30, 2013.

Section III - Federal Award Findings and Questioned Costs

No federal award findings and questioned costs were reported for the audit period ended September 30, 2013.

Section IV - Status of Prior Year's Findings and Questioned Costs

No prior year's findings and questioned costs were reported under this section.

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA**

EXIT CONFERENCE

The financial statements and related reports were discussed at an exit conference held with management of **Housing Authority of the City of Winnfield** noting their agreement in all material respects.

Those that participated in the discussions are as follows:

**HOUSING AUTHORITY OF THE CITY OF WINNFIELD
WINNFIELD, LOUISIANA**

Mr. Bobby Collins	--	Executive Director
Mrs. Shantell McFarland	--	Housing Manager

BRUNO & TERVALON LLP, CERTIFIED PUBLIC ACCOUNTANTS

Mr. Paul K. Andoh, Sr., CPA, CGFM, MBA	--	Partner
--	----	---------



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Joseph A. Akanji, CPA

(Retired)
Michael B. Bruno, CPA (2011)

INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS RELATED TO INTERNAL CONTROL

Mr. Bobby Collins, Executive Director
Housing Authority of the City of Winnfield
Winnfield, Louisiana

In planning and performing our audit of the financial statements of **Housing Authority of the City of Winnfield (HACW)**, as of and for the year ended September 30, 2013 in accordance with auditing standards generally accepted in the United States of America, we considered **HACW's** internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the financial statements and not for the purpose of expressing an opinion on the effectiveness of **HACW's** internal control. Accordingly, we do not express an opinion on the effectiveness of **HACW's** internal control.

As a part of our audit, we noted certain matters that present an opportunity for strengthening internal control and improving operating efficiency. Also, we reviewed the status of prior year's other matters. This letter does not affect our report dated March 28, 2014 on **HACW's** internal control over financial reporting or its financial statements.

We will review the status of these other matters during our next audit engagement. We have already discussed these other matters with management, and we will be pleased to discuss them in further detail at your convenience.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**
(CONTINUED)

2013

The following summarizes our report on other matters related to internal control:

Reference Number

OM 2013-01

Condition

Our review of the September 30, 2013 general ledger and financial transactions executed subsequent to year end, revealed financial transactions that should have been recognized for the year ended September 30, 2013.

The September 30, 2013 operating bank account reconciliation revealed a listing of six (6) checks categorized as outstanding. However, our review of the "Summary Check Listing" report (listing of all checks starting from 10/1/13 forward) revealed the referenced checks with dates in October and November 2013.

Recommendation

Management should review its current year end cut-off procedures to ensure its completeness in capturing all transactions in their respective periods.

Management's Response and Planned Corrective Action Plan

Management will work with its software provider to address the variance in the reported information.

Further, management will ensure the completeness in recorded amounts as part of its monthly and year-end cut-off process.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2013, CONTINUED

Reference Number

OM 2013-02

Condition

Custodial Risk

Currently, HACW does not have a formal written policy to address its custodial risk that results from deposits of funds held by others on its behalf in excess of \$250,000 (Federal Deposit Insurance Corporation limit).

Such policy should include the periodic review by management to ensure the continuous collateralization based on its executed depository agreement.

This is a repeat of a prior year other matter condition described as reference number OM 2010-04.

Recommendation

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation limit.

Management's Response and Planned Corrective Action

Management is currently working on a custodial risk policy for Board consideration and approval. Anticipated completion date is June 30, 2014.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2013, CONTINUED

Reference Number

OM 2013-03

Condition

Considering the size of HACW, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of HACW's assets. The internal financial transactions processing for HACW is performed primarily by its Housing Program Manager.

HACW currently used the services of a certified public accountant to prepare its internal financial statements and other reports for submission to its funding source.

Furthermore, we noted an inadequate design of internal control over significant accounts and processes.

This is a repeat of a prior year other matter condition described as reference number OM 2009-01, 2008-01, 2007-01, and 2007-02.

Recommendation

We recommended that management continue to re-evaluate its internal control design, develop and implement procedures and processes to minimize, if not, eliminate the potential risk associated with the described condition.

Management's Response and Planned Corrective Action

Management continues to weigh the cost/benefit associated with the level of segregation necessary to impact the referenced condition.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2012

The following summarizes the status of prior year's other matters related to internal control:

Reference Number

OM 2012-01

Condition

The September 30, 2012 general ledger reflected construction in progress of \$1,293,328 (\$11,857 for the Low Rent Program and \$1,281,471 for the Capital Fund Program) for assets placed in service. Further, the associated depreciation expense was not recorded for the year ended September 30, 2012 prior to the effect of an audit adjustment pursuant to the requirements of accounting principles generally accepted in the United States of America.

Recommendation

Management should ensure compliance with accounting treatment required by accounting principles generally accepted in the United States of America. Further as permitted by HUD, depreciation expense may be recorded in either the Low Rent or Capital Fund Program.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2012, CONTINUED

Reference Number

OM 2012-02

Condition

HACW's current internal control design over significant accounts and processes to include its financial reporting are inadequate to ensure completeness in financial statements prepared for management.

Recommendation

Management should revisit with its existing financial reporting processes with an aimed towards an enhancement of the review phase to ensure timely detection and correction of misstatements.

Current Status

Unresolved. See current year's other matter report reference number 2013-01.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2012, CONTINUED

Reference Number

OM 2012-03

Condition

Because of the personnel size of **HACW**, the important elements of internal control and segregation of duties cannot always be achieved to ensure adequate protection and safeguarding of **HACW's** assets. Further, the internal financial transactions processing for **HACW** is performed primarily by its Housing Program Manager. In addition, **HACW** used the services of a certified public accountant to prepare its internal financial statements and other reports for submission to its funding source and management

The referenced financial statements to include budgeted to actual reports are submitted and reviewed by the Board on a monthly basis with the Executive Director.

Furthermore, we noted an inadequate design of internal control over significant accounts or processes and financial reporting to include an inadequate documentation of the components of internal control.

On September 21, 2010, the Board passed a resolution to enhance board oversight.

This is a repeat of a prior year condition described as reference number OM 2010-02.

Recommendation

We recommend that management continues with the re-evaluation of its internal control design and update procedures and processes to minimize, if not eliminate, the potential risk associated with inadequate internal control design and control over processes and financial reporting. Further, the Board should continue to provide an enhanced level of oversight.

Current Status

Unresolved. See current year's other matters report reference number 2013-03.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2012, CONTINUED

Reference Number

OM 2012-04

Condition

HACW uses various software systems to accumulate accounting and program information on a regular basis. However, we noted no formal written plan in place to require the offsite storage of all pertinent accounting and program data. The financial statements for HACW are prepared based on accounting data accumulated by HACW's fee accountant.

This is a repeat of a prior year other matters condition described as reference number OM 2010-03.

Recommendation

We recommend that management address the need for a disaster recovery plan. Areas that should be addressed in a disaster recovery plan include the following:

- o Definition of threats and risks (including likely effects on HACW).
- o Operating security.
- o Processing priorities.
- o Disaster recovery planning (as appropriate).
- o Insurance coverage available or desirable.

Current Status

Resolved.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

2012, CONTINUED

Reference Number

OM 2012-05

Condition

Custodial Risk

Currently, **HACW** does not have a formal written policy to address its custodial risk that results from deposits of funds held by others on its behalf in excess of \$250,000 (Federal Deposit Insurance Corporation limit).

Such policy should include the periodic review by management to ensure the continuous collateralization based on its executed depository agreement.

This is a repeat of a prior year other matter condition described as reference number OM 2010-04.

Recommendation

We recommend the establishment of a deposit policy to address all deposits of funds with others in excess of the Federal Deposit Insurance Corporation limit.

Current Status

Unresolved. See current year's other matters report reference number OM 2013-02.

**INDEPENDENT AUDITORS' REPORT ON OTHER MATTERS
RELATED TO INTERNAL CONTROL**

(CONTINUED)

HACW's response to other matters identified in our audit is described in the accompanying report under the caption "Management Response and Planned Corrective Action" or "Current Status". We did not audit HACW's response and, accordingly, we express no opinion on it.

We wish to thank you and your staff for the support afforded us during our audit.

This report is intended solely for the information and use of the Board of Commissioners, management, the Legislative Auditor for the State of Louisiana and the United States Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than those specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

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March 28, 2014